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SECRET**SECURITY INFORMATION****REPORT**

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Pre-Soviet Economic Life

1. During the Czechoslovak and Hungarian regimes economic life in Uzhgorod [484ON-2218E] was free and without restriction. During the Czechoslovak regime, the city of Uzhgorod was a connecting link between Carpatho-Ukraine and Czechoslovakia in all respects. During the Hungarian regime, the city connected Carpatho-Ukraine with the Great Hungarian Lowland, and here the produce of Carpatho-Ukraine (mostly lumber) was exchanged for goods from the Lowlands. There was no unemployment in Uzhgorod. The Czechs and Hungarians were building new apartment houses, new office buildings, new workers' settlements, bridges, railroads, highways. Local industry also flourished. A great many tourists visited the city, which was famous for its beautiful scenery, good wines, good entertainment, and recreation. In all respects the inhabitants lived on a fairly high scale.

Economic Life under the Soviet Regime

2. After the Soviet regime was established the situation changed greatly. The city lost a great part of the surrounding area to the Czechs and Hungarians. The city was not badly damaged during World War II, but the Soviets would not repair the damaged buildings and neither

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would they construct new buildings. [redacted] in Uzhgorod. 25X1
 there was a great unemployment problem. The population was swollen by the arrival of a great many Soviet officials, and the newcomers took away all of the job opportunities from the native population by nationalizing all the trade and industry. The population became just a tool in the hands of the Soviets. Not only the independent merchants, but the tradesmen and professional people, lost their position and independence. The Soviets regulated the wages of laborers at so low a level that [redacted] the simple laborer earned only one-third of his pre-World War II wages because of the drop in the purchasing value of the currency, and the working class lived on the level of animals. The average wage for a skilled laborer when I left was 500-600 rubles monthly. The following chart shows the difference in purchasing power at that time of the Russian ruble and the German mark:

<u>Commodity</u>	<u>Ruble</u>	<u>DM</u>
Lard 5 kg.	200	20
Bread 30 kg.	66	21
Macaroni 10 kg.	38	12
Pork Chops 4 kg.	72	20
Milk 30 liters	120	18
Sugar 6 kg.	60	9
	556 Rubles	100 DM

- 3.. While the native population lived on a very low economic level, the new Communist aristocracy, 99% newcomers, consisting of CP officials, police, Army officials, and state officials, had incomes amounting to 4,000 - 8,000 rubles per month, depending on their political powers. They were able to buy anything they desired at any time, anywhere, and were usually served from behind the counter of the state-owned shops. To obtain a better position in economic, industrial, or professional life, one had only to be an active CP member. For this reason, the administrative heads of industry were not experts in their field, and the result was that they were unable to control operation and production. The lives of people in Uzhgorod were filled completely with red tape. People had to spend days and weeks running from office to office to get certificates, documents, stamps, and signatures. Everyone demanded documentary proof for everything and no one wanted to be responsible for anything. There was no possibility of obtaining permission to operate private enterprises or maintain privately-owned shops. There was no tourist traffic in Uzhgorod. There were no visitors from foreign countries, and compared with the prewar picture of a happy and gay city, Uzhgorod [redacted] was a dead city. 25X1

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